

# Raise the cigarette tax? No!

Most Mississippians think our tax burden is too heavy. Whether you smoke or not, Mississippians already pay some of the highest taxes in the country.

At various times in the not-too-distant past the cigarette tax has been the “political tool du jour.”

Got a fiscal itch? Scratch it by raising the cigarette tax.

Need new bucks for education, trauma care, or a burn center? No sweat, just raise the cigarette tax.

More money for Medicaid? Sure, raise the cigarette tax. Want to build a border fence? No problem, raise the cigarette tax. Peace in the Middle East? Of course, raise the cigarette tax.

## This is no year for a piecemeal approach on taxes

The Governor has appointed a Tax Study Commission whose mission is to conduct a comprehensive study of Mississippi's tax system, from soup to nuts. The commission is to report its findings in August – shouldn't we at least see what the findings are before rushing to change the state tax code?

Supporters of increasing state taxes on cigarettes have said increased prices will cause a 4% reduction in taxable packs sold. However, they do not take into account the recent history of declining smoking rates in Mississippi and across the country. The Washington Post recently reported that “Americans smoked fewer cigarettes last year than at any time since 1951, and the nation's per capita consumption of tobacco fell to levels not seen since the early 1930's.” Nationally, smoking declined 4.2% in 2005 alone and declined 20% in the last six years.

Cigarette smoking and tax revenue have been declining in Mississippi in recent years, with no change in the tax. Cigarette smoking and tax revenue from cigarette sales will decline at a much faster rate if the tax is raised.

## ‘Light up for health care!’

In Tennessee, lawmakers raised the cigarette tax from 20 cents/pack to 62 cents/pack last July. Last month, the Tennessee Department of Revenue reported that cigarette tax collections were \$40 million below their projections for the year.

So, Tennessee started arresting and levying fines against Tennesseans who bought cigarettes in neighboring states, generating a great deal of ill will.

By earmarking the tax increase to Medicaid, we're making Medicaid's solvency dependant on more people smoking, which is contrary to logical thought. Is our new state slogan to be, "Light up for health care!"

**It's irresponsible to link funding for a critical program like  
Medicaid to a declining, unreliable source  
of revenue.**

The Mississippi State Tax Commission's estimate of potential new revenue from an increased tax on cigarettes did not take into account the reduction in smoking which is occurring both in Mississippi and across the nation. This will further reduce any new revenue from this higher tax.

Increasing the cigarette tax by 455% would give Mississippi the highest cigarette tax of all our surrounding states. This would inevitably lead to bootlegging of cigarettes across state lines and would entice more people to purchase cigarettes from the Choctaws, which are not taxable. The Tax Commission estimate on potential new revenue from an increased tax on cigarettes did not take either of these likely effects into account, and both would reduce the new revenue from the higher tax.

At first glance some believe this proposal is simple and straightforward, but a more thoughtful analysis reveals this bill is fraught with dangerous implications over the long haul, not the least of which is how tax policy is made.

It is logical that an increase in the tax on tobacco will generate less revenue over time as fewer cigarettes are sold.

**Look behind the headlines and quick-hitting quotes  
by some of this proposal's supporters  
and you begin to see the bill sends  
precisely the wrong message at the wrong time.**